From: graeme.everett@norskeskog.com [mailto:graeme.everett@norskeskog.com]

Sent: Monday, 24 June 2013 10:12 a.m.

To:

Subject: RE: Co Generation

With reference to Schedule 13.4, parts 2 (a), (b) and (c):

We have four generators injecting onto our mill bus system:

- 1. TA2, max rating 18.7 MW
- 2. TA3, max rating 9 MW
- 3. KA24, max rating 9.9 MW
- 4. TOPP1, max rating 21 MW

Of these, TA2 and TA3 are co-generating plant. KA24 and TOPP1 are stand-alone Ormat geothermal power generation plants.

TA2's output depends on the availability of 650 psi steam from CHH Tasman's Recovery Boiler, and the demand for pass-out and exhaust steam - which is used as a heat source for the pulp making process. It is similar in design to the generator at Kinleith (and in fact most kraft pulp mills).

TA3 is a geothermal turbine with the exhaust stem used to heat water and other uses within the CHH pulp mill. The geothermal steam is supplied by Ngati Tuwahretoa Steam Assets (NTGA). NTGA use the same pipeline to also supply SCA tissue mill, CHH pulp mill and CHH lumber mill. Our paper machine dryers also use steam from this pipeline. Our problem is that our mill is at the end of the pipe - and TA3 acts as the pressure regulator for the field. Any variations in steam demand from the other users is compensated for by TA3. We have little control over its generation output.

There is no seasonal variation in generation output. The steam system and mills operate all year round.

We seek co-generation status for TA2 and TA3. However the System Operator has advised that they wish us to offer all four generators listed above as one station. Therefore we seek co-generation status for the station.

Regards

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